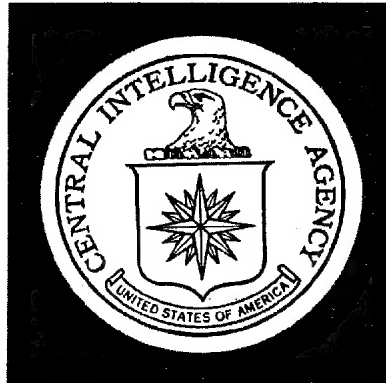


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Response  
to  
NSSM No. 102

*A Review of Major International Developments During 1970*

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November 1970

No. 1483/70

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## I. SOVIET-AMERICAN RELATIONS

A year ago preliminary talks were concluded on measures to curtail the strategic arms race. The negotiations that have followed are among the most momentous conducted by the Soviets and the US since the Second World War. It is not yet possible to make firm judgments on Soviet intentions but the atmosphere at the talks and the nature of the dialogue so far suggest that some kind of agreement on arms limitation can eventually be worked out. The simultaneous ratification in 1969 by the US and USSR of the nonproliferation treaty (NPT) was further evidence that Moscow intends to pursue common goals when Soviet and US interests coincide. Moreover, Moscow's draft treaty banning nuclear weapons on the ocean floor, which it submitted to the Geneva disarmament conference the same year, marked an important Soviet move toward an established American negotiating position.

But recent events have increased strains in the relations between the US and the USSR. In the Middle East, Moscow helped Egypt violate the cease-fire along the Suez Canal, and the Soviets' ceaseless propaganda barrage in the area has helped to maintain tensions close to the flash point. Even in Berlin, one of the more tense focal points in Soviet-American relations, the Soviets chose the very day of a session of four-power ambassadorial talks to try to impose restrictions on Allied air traffic to Berlin. Moscow had previously raised the subject of air traffic in the talks, and the restrictions were a crude way of probing Western resolve. And, despite the arms talks in which the Soviets have stressed the need for curbing the arms race and cutting defense costs, Moscow continues to construct ICBMs, particularly the large SS-9s that have no counterpart in the US arsenal.

Still, however, there are many areas where the two sides have not only made formal contact in the past year, but have worked together successfully. The Soviets agreed in 1970 to join the US in considering changes in last year's draft treaty banning nuclear weapons on the ocean floor. As a result, the seabeds treaty was endorsed by the Geneva disarmament conference, a prerequisite to acceptance by the United Nation's General Assembly (UNGA). Once accepted, the treaty—along with the NPT, the partial test ban treaty, the outer space treaty, and the treaty on the peaceful use of the Antarctic—will testify to the willingness and ability of the US and USSR to conclude specific agreements when their interests are parallel and also to take the lead in disarmament matters. Moreover, the seabeds treaty marks the first time that the Soviets have accepted verification provisions in a disarmament treaty. Its eventual acceptance by the UNGA would raise legitimate hopes that the disarmament conference could turn in earnest to controls in the field of chemical and biological warfare.

The US and USSR have also agreed on several moves that will improve their own day-to-day dealings. In July, the two nations held their first formal civil air negotiations since the signing of the US-USSR civil air agreement in 1966. When completed, the new arrangement will expand air service between the US and USSR, adding stops in Washington and Leningrad and permitting up to six flights weekly. Earlier in the year, the two sides extended their agreement on cultural and scientific exchanges for an additional two years, and for the first time the USSR has permitted a US television network to make a documentary series, "Inside Russia," without insisting on editing and cutting rights over the film. The much-heralded visit to the Soviet Union by Neil Armstrong raised hopes of closer cooperation in space exploration, and talks have already been held in Moscow regarding compatible docking arrangements. The Soviets have also been pressing for contacts with American industrial firms, and were sharply critical of the Ford Company's refusal to build a truck factory in the USSR. Meanwhile, talks have inched along on the construction of new embassy buildings in Washington and Moscow and the establishment of consulates in San Francisco and Leningrad.

On balance, the picture of Soviet-American relations over the past year is a mixed one. For example, Moscow has given much lip service to strengthening the powers of the UN General Assembly and the Security Council. But the Soviets have been reluctant, or slow, to cooperate with the US in improving the UN's financial position and its peace-keeping responsibilities. Soviet activities in the Middle East since the cease-fire of 7 August reveal that Moscow is often more interested in manipulating tensions there than in overcoming them. And it remains to be seen whether Moscow's apparent interest in an arms agreement will be matched by a slowdown in Soviet construction of strategic missiles.

Soviet leaders seem at times compelled to match any sign of accommodation toward the US with a countering spirit of resistance that serves to block any genuine detente. This dichotomy stems in part from Moscow's genuine fear of the immense power of the US. Soviet articles lauding coexistence are often offset by warnings against the perils of dealing with the US; support for trade with the West is matched by condemnation of US attempts at bridge-building. However desirable it might be to try to nourish those currents of opinion favorable to accommodation and coexistence, there are few traces of such currents at the present time. And there is no indication that the Soviets would compromise any of their vital interests merely to stabilize the strategic and political relationship with the US.

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## II. STRATEGIC POLICY AND FORCES

The answers to this question fall within the competence of State and DOD, rather than CIA.

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### III. GENERAL PURPOSE FORCES

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**IV. BASES**

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## V. ARMS CONTROL

### The Nonproliferation Treaty (NPT)

The NPT entered into force on 1 March with the completion of ratifications by the nuclear cosponsors—the US, the UK, and the USSR—and by the requisite 40 nonnuclear states. By 22 October, 61 countries, including East Germany, had ratified the treaty and nearly 40 others had signed it. Among the nuclear threshold nations—those likely to possess a near-term nuclear weapon capability—only Israel and India have failed to sign the NPT. Nuclear powers France and Communist China maintained their position as treaty holdouts during 1970.

### Safeguards and the International Atomic Energy Agency (IAEA)

Under Article 3 of the NPT, nonnuclear states adhering to the treaty were required by 1 September to start negotiations on safeguards agreements to prevent the diversion of fissionable material from peaceful uses. By October, however, only 20 countries, including East Germany, had declared their readiness to begin negotiations. The IAEA itself was still lacking a firm negotiating position, although it may adopt one before the end of the year. The EURATOM states continued to insist that they would not ratify the NPT until their regional agency had worked out an inspection arrangement with the IAEA that would respect EURATOM's jurisdiction and pose no obstacle to the development of West European nuclear technology in the area of peaceful uses.

### Strategic Arms Limitations Talks (SALT)

Nearly all comments on SALT at the opening of the UN General Assembly were favorable; the business-like atmosphere of the Helsinki and Vienna sessions had unquestionably created a general feeling that serious disarmament negotiations are being pursued. It remains unclear whether Mexico will again offer at the Assembly the draft resolution passed last year—with the superpowers abstaining—that called on the US and the USSR to negotiate "as an urgent preliminary measure" a moratorium on further testing and deployment of new offensive and defensive strategic weapons systems.

### The Draft Seabeds Treaty

By far the outstanding achievement at the 1970 sessions of the 25-nation Geneva arms control talks was the virtually unanimous endorsement

given the US-USSR draft treaty limiting use of the seabeds for military purposes. Revisions designed to avoid contentious claims of territorial waters and to firm up the verification provisions won for the treaty the solid backing that had been lacking in 1969 and the early part of this year. The UN General Assembly is now expected to endorse the treaty, permitting it to be opened for signature early in 1971.

#### **Chemical and Biological Warfare (CBW)**

No progress was made during 1970 at either the UN or the Geneva talks in resolving the East-West dispute over the merits of the Soviet CBW draft convention, which prohibits the development, production, and stockpiling of CBW agents and requiring the destruction of existing stocks, and the similar UK draft treaty confined to BW materials. Most nonaligned nations continued to favor comprehensive action on CBW, but disliked the verification provision—appeal to the UN Security Council for investigation of a complaint—that the Soviets added to their draft this year. Many nations commented favorably on President Nixon's referral of the Geneva Protocol of 1925 to the Senate for advice and consent to ratification.

#### **Interest in a Comprehensive Test Ban (CTB) and Related Matters**

The already keen interest of the nonnuclear nations in a CTB was apparently further whetted by the SALT negotiations. The US continued to insist, however, on adequate verification of compliance with a CTB, including on-site inspection, which Moscow rejects. This impasse led several nations to propose a ban on nuclear tests above a certain seismic magnitude threshold, usually 4.75 on the Richter scale. Canada proposed a world-wide guaranteed exchange of seismic data that would be helpful in identifying underground nuclear explosions.

#### **General and Complete Disarmament (GCD)**

This topic received more attention during 1970 than at any time since the early 1960s. Several delegates to the UN General Assembly urged that GCD be pursued actively as a real, non-Utopian goal. Italy organized a working group on GCD at the Geneva talks, and by the end of the summer three nonaligned nations represented there—Mexico, Sweden, and Yugoslavia—had submitted a draft program on the subject. Both of the superpowers continued to maintain, however, that progress on specific disarmament measures, e.g. SALT, must take precedence over any action on GCD.

#### Status of the Geneva Disarmament Talks

During 1970, France continued to decline to take its seat at the arms control conference, and Communist China showed no inclination to moderate its bellicose posture regarding the Geneva talks. The addition in 1969 of eight new members to the committee and its successful consideration of the seabeds treaty during 1970 blunted much of the earlier criticism that the Geneva forum is ineffective and is dominated by the superpowers.

#### Conclusion

Substantive progress in SALT remains the critical factor in influencing attitudes toward the superpowers. Forward movement in the talks would go far toward deflecting the resistance of smaller countries to arms control measures that do not also affect the big powers. A warming of the climate of opinion in the wake of progress in SALT would encourage greater attention to both CTB prospects and procedures aimed at the full implementation of general and complete disarmament. In the area of CBW, the Soviets are likely to insist on integrated action on CW and BW as long as they can allege that a BW ban alone avoids the issue of US use of CW in Indochina.

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## **VII. EAST ASIA AND THE PACIFIC**

### **Cambodia**

The Lon Nol government thus far has been able to survive the Vietnamese Communist military pressure directed against it, although it has lost roughly half of the country to the enemy in six months' time. Hanoi is probably capable of bringing greater force to bear on the Cambodian Government, however, and the coming dry season should provide clearer insights into its short-term objectives in Cambodia. At a minimum, the Communists will continue to concentrate on keeping the inexperienced Cambodian Army tied down in defensive positions in and close to major urban centers and on cutting Phnom Penh's key lines of communication to outlying provinces. They can also be expected to intensify their effort to organize a political base among ethnic Cambodians in rural areas. This program is likely to achieve some success, although ethnic differences and the absence of trained and dedicated Cambodian cadre will be a severe handicap. Politically the Lon Nol regime probably will retain the support of most of its major backers in Phnom Penh and other key population centers, despite the prospects of increasing geographical isolation, sustained fighting, and worsening economic conditions. Nascent political forces are likely to submerge whatever oppositionist tendencies they may hold, at least for the short run, in the interest of preserving national unity during the present emergency. Sihanouk's dependence on the Chinese and Vietnamese Communists appears to have destroyed his influence over almost all important segments of Cambodian society, but he probably does still enjoy some standing among the peasantry. If the Communists do not significantly increase their attacks throughout the country, and if the government continues to receive adequate allied military support, the Cambodians' demonstrated determination and zeal should enable them to hold their own against Communist aggression.

### **Communist China**

Communist China remains relatively calm as the regime focuses attention on the reconstruction of party and government machinery, shattered during the three years of Mao Tse-tung's Cultural Revolution. On balance, the Communists have made only fitful progress in their efforts to repair the extensive social and political damage wrought by those years of turmoil. Local government remains in the hands of the military, and, after a hiatus of more than four years, only a few universities have resumed classwork even on a limited basis. Sorely needed economic planning and development programs remain for the most part in abeyance; most importantly, there

appears to have been little improvement in the atmosphere of distrust and hostility that prevails between many leaders at all levels of government. As long as Mao Tse-tung remains alive, domestic political reconstruction in Communist China is apt to proceed at a slow pace, impeded by the need to tailor programs and policies that dovetail with Mao's vision of a new Communist society. Nevertheless, there are signs that at least some Chinese leaders seem to retain a more practical outlook and favor a rational approach to difficult issues.

In foreign affairs Peking's greatest preoccupation in 1970 remained the Sino-Soviet dispute. Partly as a means of acquiring greater leverage in the quarrel, China continued—and, as the year progressed, accelerated—the trend toward greater diplomatic flexibility in its international posture that had begun in late 1969. To this end Peking encouraged a warming current in relations with a wide variety of states, both Communist and non-Communist. The Chinese showed particular interest in the states of Eastern and Western Europe, but also became more active in the Middle East and in Africa. At the same time Peking worked assiduously and with considerable success to improve relations with its Communist neighbors, North Korea and North Vietnam. Sino-US talks in Warsaw were resumed in January but were again suspended following US action in Cambodia. Peking has not closed the door to a further resumption of the talks “at a mutually convenient date,” however.

#### Japan

The continued expansion of the economy in 1970 lent further impetus to the growth of national pride and a concomitant increase in Japanese awareness of the need to take a more active part in world affairs. Prime Minister Sato, who decided to retain the reins of government for an unprecedented fourth term, emphasized that Japan's international role would be based on economic cooperation and assistance in pursuit of world peace. In this connection, Japan pledged to provide for foreign aid the equivalent of 1 percent of its GNP by 1975. At the same time, strengthening of the conventionally armed Japanese Self-Defense Forces went on, spurred in part by the need to provide protection for Okinawa when it reverts to Japan in 1972. During 1970, Japan hosted the highly successful EXPO 70, signed the Nuclear Non-Proliferation Treaty, and became the first Asian nation to orbit a satellite intended for scientific research. In June, the ten year old Mutual Security Pact with the US was extended indefinitely, despite counterefforts by flagging leftist elements. Complicated trade and investment differences with the US surfaced during 1970, but the Japanese Government made it clear that such problems must be resolved in a spirit of give-and-take so as to

preserve the over-all fruitful relationships of the two nations. The well-established sense of cooperation between Japan and the US was highlighted by the decision to work together to combat the world-wide problem of environmental pollution.

#### **Korea (South/North)**

Nineteen-seventy saw continued economic progress and political stability in South Korea. The trend of recent years toward better relations with neighboring Japan was maintained, abetted by growing economic cooperation between the two countries and awareness of mutual security interests. South Korea re-established diplomatic relations with Cambodia which had been broken in 1966. The scheduled reduction of US forces in Korea by some 20,000 men preoccupied the Seoul government; strong misgivings were slowly being overcome through mutual discussions on US plans to help modernize the South Korean forces. North Korean harassment remained at low ebb, as in 1969, although sporadic agent penetration efforts were made and there were scattered incidents along the demilitarized zone. The principal development in North Korea, where the economy remains stifled by top-heavy military expenditures, was the restoration of the friendlier relations with Communist China that had existed before the onset of the Cultural Revolution. It nonetheless seems clear that Pyongyang is intent on maintaining its independent stance between Peking and Moscow.

#### **Laos**

With the dry season imminent, the now traditional upsurge in Communist military activity can be expected. The months immediately ahead may be ones in which the North Vietnamese and their Pathet Lao supporters will be particularly aggressive—at least in southern Laos. With a new war to fight in Cambodia and the loss of supply lines through the Cambodian port of Sihanoukville, the Ho Chi Minh trail system through the Laotian panhandle has become more vital to the Communists than ever before. They may even attempt to take new territory in an effort to expand their logistical system. The main hope for a lower level of fighting in Laos in the coming months is the possibility of peace talks between Vientiane and the Communists. So far these negotiations have made little headway, but the war weariness of the government and the need for the North Vietnamese to devote their energies elsewhere may yet bring the two sides to an accommodation.

#### **Philippines**

The Philippines has been preoccupied this year with domestic problems, principally the sometimes violent student challenge to President Marcos.

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Tainted by dirty presidential campaign tactics last fall, Marcos has seen a sharp diminution in his stature. The growing popular disillusionment is reflected in the widely held suspicion that Marcos will attempt to manipulate next year's constitutional convention into extending his term of office beyond present limits. Discontent will sharpen in the likely event that the constitutional convention deliberations fail to come up with remedies for prevailing injustice and corruption.

#### Thailand

Bangkok's primary concern is over the possibility of a weakening in Washington's commitment to Southeast Asia, particularly in view of US domestic political pressures and the quickened pace of troop withdrawals from Vietnam. Within Thailand, Communist insurgents in the underdeveloped north, northeast, and southern peninsula regions have stepped up their activities somewhat during the past six months and may increase them further during the coming dry season. Although Bangkok is still lethargic in taking the steps necessary to liquidate the problem, the government has in the past contained the insurgents, and the insurgents give no indication of posing a significant challenge to the government in the foreseeable future. Externally, Bangkok is worried about Communist advances in Cambodia and Laos and the threat these pose to the security of its own borders.

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## VII. SOUTH ASIA

During 1970 foreign relations were less important than domestic issues throughout South Asia. There were no breakthroughs in resolving the problems besetting Indo-Pakistani relations, although modest progress appeared to have been made toward an eventual accord on distribution of waters from the Ganges. Mrs. Gandhi and the newly installed prime minister of Ceylon, Mrs. Bandaranaike, were prominent participants at the nonaligned conference at Lusaka in September. Relations between Nepal and India were under occasional strains during the year as a result both of difficult negotiations for a new trade agreement and of Kathmandu's continuing effort to reduce India's dominant presence. Pakistan, meanwhile, continued to balance its relations among the great powers, with President Yahya slating visits during 1970 to the Soviet Union, the United States, and Communist China.

Political instability continued to plague India during 1970. Mrs. Gandhi executed a major cabinet shift in June, but she could not eliminate the inherent problems of any minority government. She successfully weathered several votes of confidence, relying on the support of the pro-Moscow Indian Communist Party, a small Socialist party, a south Indian regional party, and numerous independents in parliament, in addition to the votes of her own Ruling Congress Party. Repeated efforts by the right-of-center opposition parties to merge failed, but they usually voted as a bloc against the government.

The Ruling Congress Party enjoyed considerable success at the polls in several by-elections for the lower house of parliament during 1970, although it failed to live up to expectations in elections for the relatively powerless upper house. The most resounding victory for Mrs. Gandhi and her party was scored in September. By means of a pre-electoral agreement with a bloc of parties that included the pro-Moscow Communist Party—most conservative of India's Communist parties—and the Muslim League, the Ruling Congress Party won a slim majority of seats in the state legislature of the south Indian state of Kerala. In this traditionally leftist state, the party defeated both a left-wing alliance led by the popular and militant Communist Party/Marxist and another coalition on the right.

The state of West Bengal and its largest city, Calcutta, suffered repeated demonstrations and occasional violence, particularly in the first half of the year. A left-wing coalition government—led by the Communist Party/Marxist—collapsed in March, and direct rule from New Delhi was imposed on the state. Near the close of the year there were no indications as to when new elections for the state legislature would be held. Economically, West Bengal

continued to stagnate, and businessmen continued to try to transfer their investments elsewhere.

Violence wracked India as a result of both political and communal issues. On the extreme left of the political spectrum, the Naxalites—self-proclaimed Maoists—attacked government installations, universities, less extreme Communists, and, in some areas of India, landlords with large or medium land holdings. The Naxalite cause exercised considerable attraction particularly to youths in the two larger and older Communist Parties. At least indirectly, the Naxalites were also responsible for a movement launched by the pro-Moscow Communist Party in which landless peasants were urged to occupy unused or excess land held by absentee landlords. Several hundred arrests were made by the authorities, and the “landgrab” program appeared to accomplish little either for its sponsors or for the landless poor. Communal violence that broke out in western India in May resulted in several hundred deaths—mostly Muslims—before the authorities brought the disturbances under control.

On the agricultural front, India enjoyed the largest harvest of food-grains in its history during the crop year ending 30 June 1970, with production totaling approximately 100 million tons. Unfortunately, the continuing high rate of population growth absorbed much of the advance in agricultural production.

During 1970, Pakistan remained under martial law, although normal political activity was again permitted. National elections to choose a constituent assembly were scheduled for 7 December, and tension began to increase as that date approached. Occasional clashes occurred during the year between supporters of the several different parties covering the political spectrum from conservative, religion-oriented groupings to supporters of the Maoist Communism. The new assembly will be given four months to produce a constitution, which must be approved in its final form by President Yahya Khan. Failure to meet this schedule will result in the dismissal of that assembly and the election of a new constituent body. Much will depend on the willingness and ability of the politicians from East and West Pakistan to work together. On the international front, Pakistan continued its balancing act among the great powers, maintaining good relations with Communist China, the Soviet Union, and the US. Relations with Washington were probably closer in late October 1970 than at any time in recent years as a result of a partial lifting by the US of the five-year-old embargo on the sale of lethal weapons to Pakistan.

On 27 May 1970 a left-wing coalition of parties in Ceylon, led by Mrs. Bandaranaike, was swept into office in a surprise electoral victory over the

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government of moderate rightist Dudley Senanayake that had been in power for five years. Foreign policy was not a major issue in the campaign; the voters apparently were responding primarily to the attacks of the left-wing coalition on unemployment, the rising cost of living, corruption, and its promise to double the subsidized rice ration. Shortly after taking office, the new government empowered the lower house to act as a constituent assembly to write a new constitution that would transform Ceylon from a dominion into a republic. As of mid-October 1970 it was still not clear whether or not Ceylon would remain in the Commonwealth.

Within weeks after its installation, the Bandaranaike government had fulfilled several of its campaign promises in the foreign policy field: recognition of East Germany, North Korea, North Vietnam, and the provisional Revolutionary Government of Vietnam; suspension of relations with Israel; and the ouster of the Peace Corps and the Asia Foundation from Ceylon.

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## VIII. VIETNAM

The past year in Vietnam has been a time of testing for both the North and South; each has had new problems and new opportunities as a result of the US Vietnamization program and the turnabout in Cambodia last spring. Military trends in South Vietnam have continued to run heavily in favor of the allies, and the Communists are not in a position to reverse them soon. Hanoi is playing for time, however, and is betting that its forces will be able to exploit future opportunities in South Vietnam. The tests to come, therefore, are likely to be more difficult and more decisive than any so far.

In the year since Ho Chi Minh's death, continuity has been the watchword in North Vietnam. Ho's successors seem to operate reasonably successfully as a collective, with party first secretary Le Duan the first among equals. Although the leadership doubtless misses Ho as an arbitrator within the ruling circle and as a source of inspiration to the populace, to all appearances the North Vietnamese have managed to maintain their cohesion and the country's commitments without him.

Meeting the requirements of a wider war in Indochina has meant some additional tightening of the screws on the population of North Vietnam. Hanoi began working hard after the bombing stopped in 1968 to correct chronic problems of morale, discipline, leadership, and production. These efforts continued in 1970, but the evidence suggests the regime responded to the Cambodian situation with renewed determination to make whatever sacrifices were necessary to carry on the war, and this may well have entailed some diluting of plans for development of North Vietnam.

Prior to the Cambodian crisis last spring, the policies followed by Hanoi were generally those that had been blocked out before Ho's death: a long-haul rebuilding effort in the struggle for South Vietnam and an increased emphasis on developing a strong and stable regime in North Vietnam. In neither area were striking results being achieved; but the regime held firmly to the course of carefully balancing the demands of the war and the needs of North Vietnam.

This balance was threatened in the aftermath of Sihanouk's ouster from Cambodia. Hanoi immediately saw a grave threat to its ability to carry on the war in South Vietnam because of the loss of the supply and base area arrangements Communist forces had enjoyed there in the past. But there was also a new opportunity to expand the scope of Communist insurgency in Indochina. The situation forced Hanoi to take a hard look at its policies for South Vietnam and for the area as a whole.

Some basic decisions were reached rapidly. One was to push hard into Cambodia with Vietnamese Communist forces and to launch a long-term campaign to build a Cambodian-manned insurgency apparatus targeted against the new regime in Phnom Penh. These moves cushioned the adverse impact of the new Cambodian situation on the Vietnamese Communists, but they also triggered large-scale allied cross-border operations in May and June and thus complicated the disruption and supply problems faced by Communist forces in the southern part of South Vietnam. Since then the Communists have put much of their effort into maintaining and expanding supply and infiltration routes through southern Laos, Cambodia, and on down into the southern part of South Vietnam. They are likely to be preoccupied with this task for some time to come.

As for the war in South Vietnam, the Communists have been carrying on with the same low-key mix of military and subversive tactics they have been relying on for more than a year. Brief periods of coordinated shellings have occurred from time to time, but the enemy has not attempted to launch and sustain large-scale offensive military operations this year. For the most part, conventional military operations have given way to reliance on light shellings, sapper attacks, and terrorism, while the main thrust of the Communist effort is devoted to preserving and rebuilding a military and political apparatus for the long haul.

During 1970 the enemy had some successes with these tactics in blunting government progress in the countryside and, in some cases, in bringing about reversals in the relatively good security situation that prevailed during the latter half of 1969. Setbacks have been localized and most of them temporary, but they underscore the fragility of some of the progress that has been achieved and the degree to which the situation in much of the countryside is vulnerable to determined Communist pressures.

There has been further slow but perceptible improvement in the South Vietnamese armed forces and security apparatus during the past year. Regular South Vietnamese troops have been carrying the brunt of the combat burden and taking the bulk of casualties in almost all the crucial areas. Similarly, the government's militia and local forces, despite chronic problems of leadership, motivation, and the like, have carried an increasing share of the day-to-day load of the war. They are responsible in large part for a degree of security unknown by the rural population in South Vietnam since the early 1960s.

The government's confidence in its staying power has grown during the past year because of the lack of effective enemy offensive action, because of

the setbacks Communist forces targeted against South Vietnam have suffered in Cambodia, and because of the progress that South Vietnamese forces have made in taking over more responsibility for the war. Almost all observers agree, however, that only time and stronger Communist challenges will tell whether the South Vietnamese are up to the task of carrying on the war successfully as more and more US forces depart. To a greater extent than ever, the answers will depend on which side has the greater motivation and tenacity to stay the course.

President Thieu has successfully ridden out several waves of domestic unrest during the past year, and his government has seemed to gain confidence and stature in the process. Antigovernment agitators have periodically been able to whip up demonstrations pegged to economic and social grievances, but in each case the authorities have succeeded in keeping a lid on the situation and in preventing sustained protest activities. A deep current of economic unrest persists, however, and it is likely to be one of the main issues that the opposition will use against the government during the 1971 presidential election campaign.

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## IX. NATO\*

The members of the North Atlantic Treaty Organization entered the decade of the '70s committed to the maintenance of a strong defense while pursuing detente, but uncertain how these dual objectives could be achieved. The rapid tempo of detente politics and the declining support on both sides of the Atlantic for military expenditures posed serious problems. The dilemma was not new, but the need to assess the implications for the Alliance appeared increasingly urgent.

Early in the year, acting on the suggestion made in President Nixon's foreign policy message to Congress in 1969, Secretary General Brosio proposed that NATO conduct a thorough review of the military and strategic problems it will face in the next ten years. Brosio recommended that the study give particularly close attention to the enemy threat, the Allied strategy, the level of forces, the relationship between different weapons systems, the nature and effectiveness of deterrence, and the allocation of the defense burden among the member states. As the study has progressed during the past year, burden-sharing has assumed particular significance, with the Europeans becoming acutely aware that they will have to assume a greater part of the NATO burden.

West Germany, at a meeting of the NATO defense ministers in June, took the lead in confronting the burden-sharing question. It urged the other European members of NATO's military structure (the so-called Eurogroup) to join in a multilateral offer to the US of an annual lump-sum contribution to ward off significant reductions of US forces in Europe. The reaction of the Europeans to the principle of burden-sharing was generally favorable, but noncommittal to any specific approach. Faced with financial constraints and reluctant to cope with the problem of selling a burden-sharing scheme to their publics, the other nations were hesitant to take action on the West German proposal.

In October, the Eurogroup members pledged in principle to contribute more to the common defense, through both multilateral monetary contributions to the US and increased national efforts. But given public and parliamentary interest in detente, most Europeans seemed to find it more difficult to attempt increases, either quantitatively or qualitatively, in their

*\*This report should be considered as only a tentative review of NATO affairs, because the December ministerial meeting will be the culmination of the second half of the year's activity.*

own national defense efforts than to lend increased support to the US. Thus the solution of the over-all burden-sharing problem remained in doubt.

The principal topic of concern at the spring ministerial meeting in Rome was the pursuit of detente. Although the members felt that they should preserve a strong Alliance as a base from which to negotiate with the East, some were more anxious than others to move toward multilateral negotiations. The ministers did not endorse the idea advanced by the Soviet Union that a conference on European security be convened. But they did agree to pursue present contacts with the East and to expand exploratory conversations with Warsaw Pact countries. Assuming progress was made on concrete problems, such as Berlin, the Allies would move to multilateral talks with the East to determine when one or a series of conferences on European security and cooperation would be fruitful.

The Allies, excluding France, also renewed their bid for talks with the Warsaw Pact on mutual and balanced force reductions in Central Europe. The ministers issued the call for force reductions—once a popular Soviet proposal—as a separate declaration to underline the importance the Allies attached to their initiative. Mutual and balanced force reductions continue to be viewed by the Alliance as a potentially important part of any East-West settlement in Europe.

The past year also has seen NATO's new "dimensions"—the Committee on the Challenges of Modern Society (CCMS)—emerge through clouds of initial Allied skepticism and move toward active engagement of the Alliance membership. A plenary meeting in October recorded the progress that had been made in organizing CCMS activities along a broad front, including projects on disaster assistance, ocean and inland water pollution, air pollution, and road safety. The enthusiasm of some Allies, however, is restrained by the low level of European public awareness of environmental problems and by the limited personnel available to many Allied governments to deal with international environmental efforts.

For NATO, 1970 has been a year to look ahead, both to the prospects for East-West detente and to the continuing need for a strong Allied defense. Only by working toward both objectives, in the view of most Allied governments, will NATO remain the solid rock on which Western security has rested for over twenty years.

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#### France

During 1970, President Pompidou dealt effectively with a variety of domestic and foreign policy problems and in so doing brought a large measure of stability to a country that had faced a violent and divisive crisis in mid-1968. Pompidou has firmly put his own stamp on the presidency and no longer has to defer to hard-line Gaullists in the government and the parliament. The opposition parties, rendered powerless by the massive Gaullist majority in the National Assembly and rent by divisions among themselves, remain in a state of disarray. Opposition ranks have been further thinned by the defection of centrists and some leftists tempted by Premier Chaban-Delmas' policy of "overture"—the invitation to non-Gaullists to join the ranks of the majority.

At year's end, the economy was in good shape and the franc was healthy, in large part because of the success of the stabilization plan and franc devaluation. Moreover, the government pursued an imaginative policy of consultations with major labor unions and effected several far-reaching social and economic reforms that kept labor unrest to a minimum.

Although the government failed to complete the sweeping changes still necessary to bring French education into the 20th century, students were far

less militant in 1970 than in 1968-69. There was a brief flareup at Nanterre this spring, but student activists seemed to lack the burning issues necessary to mobilize dissent and there were no outbursts on a national scale. Because student and labor agitation had sparked the 1968 crisis, the relative stability and serenity on these fronts were of critical importance to the government.

In most areas, Pompidou continued to pursue the general lines of Gaullist foreign policy. The notable exception was his more positive attitude toward British accession to the European Communities. The continuity with Gaullist policy was most apparent in his October trip to the USSR, where both he and his hosts strove mightily to create the impression that the "special relationship" carved out by De Gaulle in 1966 still existed. In Black Africa, too, the Pompidou government continued to weave the economic, fiscal, cultural, and political ties that still bind France's former colonies tightly to her. The Middle East and the Mediterranean area became prime foreign policy targets in 1970, but, despite arms sales and friendly diplomatic exchanges, Pompidou was unable greatly to magnify France's role in the Arab world.

#### UK

In the UK, the Conservative Party won an upset victory over the Labor Party in a general election, and Edward Heath was installed as prime minister. His government entered into negotiations for British entry in the European Communities and is studying the prickly problems of proceeding with arms sales to South Africa and maintaining a British presence east of Suez.

#### Italy

In Italy a four-party center-left coalition replaced a minority Christian Democratic government in March, but its tenure was brief. A second center-left government under Prime Minister Emilio Colombo, which took office in August, stressed economic stability and social reforms. Sporadic outbreaks of labor unrest in both spring and fall failed to halt the country's strong economic growth.

#### Spain

In Spain, the new cabinet installed in October 1969 sought to identify Spain more closely with European and world affairs. The government reached agreement with the European Communities on a preferential trade arrangement and signed a new five-year Agreement of Friendship and Cooperation with the US.

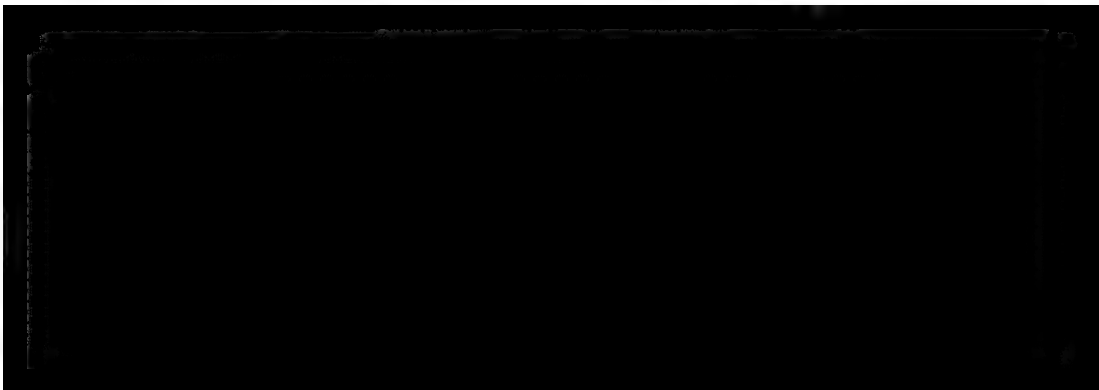
#### Other Countries

During the past year the Nordic countries have been deeply occupied with shoring up their international economic position in the face of the resurgent European Communities (EC). Following their hair's-breadth failure to create a Nordic Economic Union (NORDEC)—once the Soviet Union decided to veto Finland's entry—Norway and Denmark are now pursuing unqualified membership applications to the EC; Sweden is attempting to find a way to fit an EC relationship into the framework of Swedish neutrality; and Finland is trying to devise an arrangement with the EC consonant with its special relationship with the USSR.

Internally, Finnish and Swedish voters moved a step to the right in parliamentary elections, but their governments did not follow suit. In Sweden, Palme's Social Democrats are relying on tacit Communist support to continue in office, while in Finland the Soviet veto of right-wing participation in the government, combined with an insistence that the Communists be included, has resulted in the continuance of the center-left coalitions. In Norway and Denmark, inflation and a weakening of the economy have undermined the popularity of the respective center-right coalitions. Conditions in Norway are especially shaky because of the government's paper-thin parliamentary majority.

In the low countries, the Belgian Government's program to ease tensions between the country's two major linguistic groups failed to receive legislative approval this spring, and communal elections in the fall marked a further growth for those parties favoring an end to the unitary state. In the Netherlands, beset by serious economic problems, political activity began to pick up, with all eyes focused on national elections next spring.

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## XI. EASTERN EUROPE

The Soviets' Eastern European allies have willingly backed Moscow's moves toward a European detente. They share the Soviets' motives, but, in addition, to varying degrees they are seeking to advance their individual national interests. For these reasons, they are, for example, vigorous promoters of the eventual convocation of a conference on European security, the extension of the nuclear nonproliferation treaty to other states, the study of means to freeze or reduce armaments in Europe, and the normalization of relations with West Germany. Yugoslavia also favors such developments, although it worries that its interests might not be adequately recognized by the two opposing power blocs in Europe. Only Albania is opposed to the Soviet-sponsored initiatives, and even here there have been moves to end the country's isolation and to re-establish economic and political ties in Europe and around the Mediterranean basin.

In the economic sphere, the Soviets have persuaded their Eastern European allies to collaborate more closely on investment, production, and trade. Moscow is promising to accept the Eastern Europeans as junior partners exploiting new technology. In return, its allies have agreed to help defray more of the rapidly rising cost of production of the Soviet raw materials on which they depend and to follow common economic policies in dealing with Western Europe. Much of this development is still in the talking stage, and the deep conflicts of interest and national emotions that have stood in the way of economic cooperation remain. Nevertheless, all parties—even the Romanians—have undertaken to adopt a more positive approach.

From both the economic and political point of view, the Eastern Europeans, minus the East Germans and the Albanians, generally view the Soviet - West German nonaggression pact as the most promising development of 1970. Except for East Germany, the Eastern European states have been pleased to respond positively to the West German Government's efforts to settle differences with the Communist states and establish normal relations. The Soviets and their allies see this development as an opportunity to have the legitimacy of Communist rule in Eastern Europe officially recognized in the West and a chance to nail down the status quo of the frontiers that had evolved in the area after World War II.

The Eastern Europeans have Moscow's consent to settle their bilateral differences with West Germany. In November, the Poles are expected to reach an agreement under which the Federal Republic will in effect recognize the permanence of the Oder-Neisse line and by implication give up claims to East Prussia, Pomerania, and Silesia, which were lost after the war.

Czechoslovakia has begun preliminary talks with West Germany, primarily over the issue of legal procedures for declaring invalid the Munich Pact of 1938. Hungary has indicated it will follow the Czechs in settling its problems with the Federal Republic. All of these negotiations are intended ultimately to lead to diplomatic relations between Bonn and its Eastern European negotiating partner. (Romania established such relations in defiance of its allies in 1967.) Bulgaria, which has no serious bilateral problems with West Germany because of its unimportance to Bonn, probably will be the last to upgrade its relations with the Federal Republic. As its relations with the USSR cooled—and those with East Germany deteriorated—Yugoslavia made an intensive effort to improve its relationships with West Germany, for the first time establishing personal contacts with West German leaders, especially the socialists. The Eastern Europeans unabashedly proclaimed that a new rapport with West Germany could be the foundation of a general European settlement and that they now look forward to the day when they might again be accepted in the family of Europe, even though they remain in the Soviet sphere of influence.

Unlike its neighbors, East Germany sees more of a threat than a boon in any future rapprochement with West Germany. The East German leaders apparently fear that they could not survive if normal ties were established with West Germany. They also fear that they will be isolated in central Europe should all of their neighbors settle their differences with Bonn. Therefore, they have posed unacceptable demands on the West Germans.

So far, East Germany's allies have supported their minimum demands, but without conviction and without giving any feeling of permanence. Even the Soviet negotiators in the ambassadorial talks over Berlin have cynically said in effect that the East Germans will be brought around to accepting whatever Berlin agreement is satisfactory to the four powers. Despite two meetings at the summit with West German leaders, the East Germans will probably negotiate desultorily in the immediate future, but at the same time will do their best to impede progress toward a German settlement.

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## XII. MIDDLE EAST

Developments in the Middle East were dominated by the continuing crisis involving the Arab states, the Palestinians, and Israel. Prospects for any settlement were dimmed by Israel's refusal to accept infringements on the stand-still aspects of the cease-fire, the Palestinians' opposition to any settlement with Israel, and President Nasir's sudden death in the midst of his peace-making exertions. Moreover, without Nasir's moderating influence, the Arab world's centrifugal tendencies seemed certain to accelerate.

Early in 1970, Egypt's effort to redress its deteriorating military position vis-a-vis Israel brought the Soviet Union into the center of the Arab-Israeli conflict. The more aggressive activities of Egypt in 1969 had only heightened the Israeli response; Egyptian casualties along the canal increased, and there were mortifying air raids on Cairo itself. Nasir's answer was to commission the Soviet Union to rebuild his shattered air defense system and to bolster it with Soviet-manned SA-3 missiles and Soviet-piloted aircraft. Over the short term, the Soviet build-up in Egypt threatened Israel's air capability; in the longer term the build-up represented a threat to the US presence in the Middle East and the eastern Mediterranean.

The US initiative to restore the post-1967 cease-fire and restart the process of seeking a political settlement successfully halted the aerial and artillery duels across the canal. Violations of the standstill aspect of the cease-fire, however, brought Israeli threats of retaliation and stalled political negotiations almost at their starting point.

The increasing militancy of elements of the Palestinian liberation movement loomed ever larger, particularly after Nasir's unpopular acceptance of the US peace initiative. After a fedayeen build-up in southern Lebanon early in the year had resulted in Israeli punitive raids and another near-crisis in Lebanese-fedayeen relations, Beirut accepted in relative silence Israel's policing of its border areas with ground and air patrols. Later in the year, King Husayn of Jordan was again pushed into a confrontation with the fedayeen. His efforts to work with Yasir Arafat to restore a modus vivendi were frustrated by extremist actions. Jordan's tinderbox finally exploded in the wake of the fedayeen's multiple hijackings of Western aircraft, which focused world attention on the Palestinian guerrillas' disregard for the rule of law. Husayn's strong military moves against entrenched fedayeen positions in Amman and northern Jordan provoked an unsuccessful Syrian incursion across the border, and at least temporarily alienated him from most of the Arab leaders.

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The other Arab states continued generally along their previous courses. The Libyan revolutionary regime, after extended negotiations with foreign oil companies, succeeded in winning major price increases. Although the US, along with the UK, met Libyan demands for withdrawal from military bases, Libya remained the most likely of the Arab regimes to break off relations with the US. In the Yemen Arab Republic, a reconciliation between Republican and Royalist factions was achieved, ending the country's eight-year civil war. With the lessening of Soviet influence, the government allowed the US to open an interests section.

The Cyprus problem remained relatively dormant, but the unsuccessful attempt to assassinate Prime Minister Makarios and the subsequent murder of the former minister of the interior pointed up the island's unresolved tensions.

Iran maintained its political stability and enjoyed rapid economic growth in spite of a nagging foreign-exchange deficit. Although the Shah retained his pro-Western outlook, he continued his rapprochement with the Communist world and also strengthened his relations with moderate Arab governments in an attempt to forge a nonradical alliance in the Middle East. To meet what he sees as Iran's military needs, the Shah has been seeking more military hardware and has placed ever-heavier pressure on the Western oil consortium for increased revenues.

The Greek regime remains in complete control, but there are some signs of increasing tensions within the hierarchy. With the economy continuing to grow, the Greek populace appears to be accepting the regime, albeit not enthusiastically. Sporadic bombings still occur, but the resistance organizations have failed to unite the opposition. Although Athens suffered some embarrassment in its relations with international organizations, it felt that it had regained face by emerging creditably from the NATO Defense Planning Committee meeting in September 1970.

Nineteen-seventy in Turkey saw considerable political and economic uncertainty, reflected in intermittent leftist student and labor unrest. It was also a year of increasing government firmness, highlighted in June when martial law was declared in Istanbul for three months. Devaluation and other economic stabilization measures at least temporarily eased Turkey's balance-of-payments problem, but domestic inflationary pressures persisted. Turkish officials, increasingly aware of the growing seriousness of the world-wide narcotics problem, were taking steps to tighten control over domestic opium production. In foreign relations, Turkey continued its program of high-level exchange visits, especially with the countries of Europe and the Middle East.

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### XIII. LATIN AMERICA

During 1970, Latin American leaders and pressure groups remained preoccupied with the complex task of modernizing their societies and coping with the tensions and violence that inevitably accompany basic social change. Some governments, like the Frei administration in Chile and the military government in Peru, consciously risked some economic disruption and political unrest in their efforts to achieve a relatively fast redistribution of the wealth and power in their national societies. Others, like the governments in Brazil and Argentina, gave priority to economic development and the maintenance of internal security.

Economic growth in the hemisphere as a whole continued in 1970, perhaps at about the 6 1/2 percent rate achieved in 1969. This rate compares favorably with the 5-percent average annual rate of the 1960s. But economic gains were not evenly distributed within the individual countries. The gap between the wealthy and the poor was probably not appreciably narrowed, and in some countries it may even have widened. Moreover, the rapid population growth, particularly in the burgeoning cities, diluted much of the over-all gain.

Small groups of extremists continued their efforts to exploit urban unrest by engaging in sporadic acts of terrorism in the cities. The kidnaping and holding of foreign diplomats and government officials as hostages for the release of imprisoned extremists became a particularly serious problem during the year. Ten successful kidnapings occurred—in Guatemala, the Dominican Republic, Brazil, Argentina and Uruguay. A West German ambassador, a US public safety officer, and an ex-president of Argentina were murdered by their captors.

Other trends that had become apparent in the latter 1960s were reinforced in 1970. The movement toward statism was further evidenced as governments seeking solutions to their growing economic and social problems moved more and more into areas hitherto reserved for the private sector. In 1970, too, the military establishments still played a dominant political role in several countries—Argentina, Bolivia, Brazil, Panama, Paraguay and Peru—and a less direct but nevertheless pivotal role in a number of others. Military leaders who control some of these governments often act as they do in the conviction that civilian politicians have failed, leaving only the military to reshape politics and develop viable political institutions—a task they admit will take a long time.

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Militants in the Roman Catholic priesthood were still important pressure groups on behalf of the most disadvantaged elements in Latin American society. In some countries, such as Brazil, Bolivia, and Argentina, their activities bordered on the revolutionary and brought government sanctions. Although radicals form a small minority of the priesthood in most countries, occasionally their influence is considerable. The church leaders in most countries continued publicly to endorse the progressive social pronouncements issued by recent Latin American bishops' conferences.

Nationalism, an increasingly dynamic force in the hemisphere, was evident among Latin Americans across the political spectrum. Its effects in 1970, as in earlier years, included pressures against foreign (principally US) investments, as well as efforts to develop "independent" foreign policies. During 1970, the manifestations of nationalism spread to the countries of the Caribbean, particularly Guyana and Trinidad, where sometimes they took the form of an amorphous and ill-defined "black power" movement. "Black power" leaders in the Caribbean made some headway in exploiting the grievances of low income groups by accusing government leaders, even though themselves black, of having compromised with the still largely white, often foreign-dominated economic power structures in the area—the "remnants of colonialism."

Presidential elections were held in six Latin American countries during the year. Dominican President Balaguer was re-elected to a new four-year term. In Colombia, Misael Pastrana, candidate of the National Front coalition, won a narrow victory. Mexico's unique political system produced Luis Echeverria as the country's next president. In Costa Rica, Guatemala, and Chile candidates of opposition political parties or coalitions won the presidency. The victory of Marxist Salvador Allende in Chile probably presages a further reduction in US influence and new frictions within the inter-American system.

Irregular changes in government took place in three countries during the year. In Ecuador, President Velasco Ibarra, with the backing of the armed forces, closed Congress and assumed dictatorial powers. In Argentina, General Ongania's penchant for acting on his own authority led to his replacement as president by General Levingston, a man evidently more willing to operate as a member of the team of leading military commanders. In Bolivia, several days of pulling and hauling among rival military factions in early October ended when General Juan Jose Torres assumed the presidency that had earlier been vacated by General Ovando.

It was an historic year for the Organization of American States (OAS). The amendments to the OAS charter, designed to strengthen the

organization and make it more effective and efficient, went into effect early in the year. The first annual OAS General Assembly opened in Washington in June. The Assembly was obliged to concentrate on precedent-making organizational and procedural matters, but it also tackled the problem of terrorist attacks against foreign diplomats in Latin America. After condemning such actions as "common crimes," the Assembly tasked its juridical committee with finding the means to enforce a hemisphere-wide legal offensive against them.

The year also saw the intensification of the concerted Latin American drive to obtain liberalized treatment of exports, particularly to the US. The special OAS committee created last year to serve as a continuing instrument for consultation and negotiation between the US and the Latin Americans on trade arrangements held a series of meetings during the year. The positive US response to a number of Latin American wishes has not, however, satisfied their extensive and often unrealistic aspirations.

The disruptive political and economic effects of the mid-1969 war between El Salvador and Honduras were eased somewhat during 1970, thanks in large part to the efforts of the special OAS mechanism established for the purpose. It will still be some time, however, before the effects of this unfortunate conflict disappear. The long-standing border dispute between Venezuela and Guyana was apparently shelved for a period of 12 years as the result of an unprecedented agreement between the two principals.

Cuba remained largely isolated from hemisphere affairs during 1970. The Castro regime was still firmly in power, though its failure to achieve the highly touted goal of a ten-million-ton sugar harvest and the perennial hardships being suffered by the Cuban people further undermined Castro's image in Latin America. The regime, still completely dependent on the Soviet Union for its economic and military underpinnings, kept up its efforts to break out of the economic sanctions imposed by the OAS six years ago. At the same time, Castro continued his policy of "exporting the revolution," though on a more selective basis than in past years. The election of Salvador Allende in Chile is likely to cause at least some cracks in the wall of isolation surrounding the island.

One effect of the growing sense of nationalism and "independence" in Latin America as a whole has been the expansion of the Soviet presence in the area. Early in the year, Venezuela became the eleventh Latin American nation to establish formal and active diplomatic relations with Moscow. Costa Rica and Guyana followed later in the year. Paraguay now remains the only South American nation without such ties.



#### XIV. AFRICA SOUTH OF THE SAHARA

By and large, 1970 has been a tranquil and relatively uneventful year in the vast expanse of Africa south of the Sahara.

Although about half of the host of new states completed their first decade of independence, they remained fragile creations struggling in poverty to achieve rudimentary national cohesion and modernization. A few favored ones again recorded fairly high growth rates, but most grew, if at all, only at about the same rate as their populations. Throughout the area a basic conditioning factor was the continuation of the elemental social and psychological dislocation that has long resulted from the migrations of little educated tribesmen from rural homelands to Africa's burgeoning towns and cities. Under increasing pressure to speed development, most African leaders were more than ever preoccupied with urgent domestic concerns. More than ever, too, pragmatism determined the policy even of the small minority of regimes that still espoused some variety of radical ideology. With nationalism still very much in the ascendancy everywhere, there was little progress toward meaningful regional cooperation.

At least superficially, sub-Saharan Africa seemed to have a greater degree of political stability than at any time since the transition to independence began in 1957. Although fairly serious rebellions by Muslim elements continued to trouble Chad and Ethiopia and a new conspiracy against the radical regime in Congo (Brazzaville) reached the stage of an actual coup attempt before being crushed, there were no new major upheavals in 1970. The serious threat to the stability of Nigeria, Africa's most populous country, ended early in the year, and the federal victory strengthened the African state system that has developed over the past decade on the basis of the artificial boundaries inherited by each member.

The war's end gave impetus to a general trend toward intra-African detente by removing a strongly divisive issue. Nigeria achieved formal reconciliation with the four states that had recognized "Biafra." Also publicly reconciled in 1970, at least for a while, were the two Congos, which have been feuding most of the time since their independence in 1960. In West Africa, long-estranged Guinea and Ivory Coast ceased their customary polemics and began a cautious rapprochement. Meanwhile, the much more important detente between Ethiopia and Somalia survived into its third year, despite the persistence of tensions and suspicions.

At the same time, however, nationalistic feelings grew stronger, resulting in a near-universal determination to achieve greater national control over



all internal economic activities. One specific aim was to reduce the role of foreigners as much as possible and thereby open new opportunities for local citizens. Thus, the large community of relatively prosperous alien Asians resident in east and central Africa felt new pressures aimed at squeezing them out of their traditional dominant role in retail and service businesses. Even more striking, perhaps, was the outright expulsion of large numbers of alien blacks from some other African countries. Ghana, for example, continued a program begun the year before by expelling additional thousands of nationals of neighboring countries, while Uganda began evicting Kenyan workers.

This nationalistic drive was encouraged by the success of Uganda and Sierra Leone in negotiating a controlling interest in major foreign-financed local enterprises. Kenya also continued to acquire important interests in major domestic industries, and the Nigerian military government served clear notice that it intended to participate directly in petroleum production. In September, the government of Congo (Brazzaville), threatened with the shutdown of an ailing sugar industry, abruptly nationalized the French-owned companies.

Developments in southern Africa provided scant encouragement for black African hopes of eventually ending white rule there. The African guerrilla movements in Portuguese Angola and Mozambique—the only white-controlled areas where any significant insurgency exists—remained bogged down and, indeed, were seriously set back in Mozambique as a more energetic Portuguese commander began to carry the war to the guerrillas. The white regime in Rhodesia continued to weather international opprobrium and economic sanctions. Last March, Salisbury implemented a new republican constitution that institutionalized white minority rule, and—despite problems resulting from sanctions—the economy achieved substantial growth that seems likely to continue.

In South Africa, the ultimate bastion of the “White Redoubt,” Prime Minister Vorster’s National Party easily won the national elections in April, crushing a challenge from ultraconservatives who had split from the party in late 1969. Vorster interpreted the result as an endorsement of his “Outward Policy” under which he is seeking, so far without great success, to defuse African hostility by cultivating relations with neighboring black states. In mid-year the Vorster government received a psychological boost from the electoral victory in the UK of the Conservatives, who had campaigned on a platform that included resumption of selective arms sales to South Africa.

The independent black Africans, for their part, appeared increasingly resigned to their own inability to effect change in southern Africa. Militant

states such as Zambia and Tanzania reacted by pushing, at the UN and elsewhere, ever more strongly worded resolutions against the white regimes. Among states farther removed from the confrontation, however, support for an accommodation of some sort with South Africa seemed to be growing. Prime Minister Busia of Ghana went so far as to state publicly that the door for dialogue with Pretoria should be left open.

The presence and influence of foreign powers in sub-Saharan Africa remained largely unchanged. The metropolises continued to have close ties with most of the ex-European colonies, particularly with all of France's 15 former dependencies except Guinea. Communist countries continued to be active in parts of black Africa, but experienced no dramatic gains or losses during the year. The mainland Chinese did strengthen and extend their role as the primary foreign advisers to Tanzania's growing defense establishment. In addition, the number of Chinese in Tanzania and neighboring Zambia grew by several thousand as construction began on the Tan-Zam railroad, financed by a \$400-million, interest-free Chinese loan. The Soviets increased their presence in Somalia, a strategic link between their expanding interest in the Red Sea basin and the Indian Ocean; Western influence has been on the decline there since last year's revolution brought a left-leaning military regime to power.

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## XV. AFRICA NORTH OF THE SAHARA

The governments of Morocco, Algeria, and Tunisia remain stable, each proceeding at its own pace to tackle the problems of rapid population growth, unemployment and underemployment, shortages of trained and technical personnel, low agricultural productivity, illiteracy, and poverty. There was no basic change in the authoritarian nature of their regimes.

Algerian Premier Boumedienne, still firmly in control, has promised parliamentary elections in 1971. By October, after nearly a year's delay, massive personnel changes at the ambassadorial and prefectural level were finally well under way. A four-year plan with heavy emphasis on industrial development was launched in January. Last spring, allegedly at Soviet insistence, Algeria established diplomatic relations with East Germany. The only important new delivery of Soviet military equipment to Algeria was an initial shipment of SU-7 fighter-bombers, probably under a contract reached in 1968. Negotiations on outstanding problems in French-Algerian relations began in the fall; these talks, which include a review of the accords that govern most of Algeria's crude petroleum production, will probably be protracted.

King Hassan of Morocco promulgated a new constitution in mid-1970. It was overwhelmingly endorsed in a popular referendum, despite the vigorous opposition of the two major political parties, which formed a National Front in an effort to shore up their badly eroded political position. The constitution provides for a semblance of democracy in the form of a unicameral parliament with very circumscribed powers. The King remains the final and nearly absolute authority, depending on the military and security forces to maintain his regime.

President Bourguiba returned to Tunisia on 1 June after nearly seven months of convalescence in France. Although he still needs to pace his activities, Bourguiba reorganized the government in mid-year; he also appointed a high commission to recommend institutional changes, particularly to provide for a smooth presidential succession. As of early October, Bourguiba seemed intent on replacing Prime Minister Bahi Ladgham—who has been the government's and party's second-ranking official ever since independence in 1956—with another long-time associate, the conservative minister of state for economy and head of Tunisia's Central Bank, Hedi Nouria.

There was some further improvement in Moroccan-Algerian relations, featured by the establishment of a commission to demarcate Morocco's southern border. The Moroccan-Mauritanian rapprochement was also

strengthened when King Hassan went to Mauritania to attend a brief summit of Moroccan, Mauritanian, and Algerian chiefs of state, a meeting designed primarily to exert pressure on Spain to hold a UN-sponsored referendum in Spanish Sahara. On the other hand, efforts toward integrating the economies of the Maghrebian states faltered when Algeria objected to a proposed economic pact.

Algeria opposed the US Middle East peace plan and withdrew the brigade that had been stationed in Egypt since the Arab-Israeli war in 1967. The Maghreb's support for the Palestinians was stepped up, particularly by Tunisia, which took the lead in calling for a halt to the Palestinian-Jordanian fighting. Under a new foreign minister, Tunisia is moving away from its self-imposed isolation from Middle East problems.

Relations between the US and Morocco and Tunisia remain close and cordial, although both countries are pressing for additional assistance. In an effort to embarrass the Moroccan regime, the right-wing nationalist opposition press has been harping on the issue of US "bases" in Morocco. These installations—a Voice of America relay station in Tangier and two communications facilities—continue to be operated under a verbal agreement reached in 1963 between King Hassan and President Kennedy, a commitment reaffirmed during the King's visit to the US in 1967. Algeria, which broke relations with the US in 1967, has subsequently warmed somewhat as it has turned increasingly to American business and industry for needed expertise; it has yet to find a face-saving formula for restoring relations, however.



**XVI. FOREIGN ECONOMIC AND MILITARY AID**

The answers to this question fall within the competence of State and DOD, rather than CIA.





## XVII. INTERNATIONAL MONETARY POLICY

The international financial scene in 1970 was relatively stable. Although world-wide inflation remained a major problem during the year, the increases in rates of inflation within industrialized countries were not severe enough to bring about the type of disruptions that characterized the international monetary system in earlier years.

The first allocation of Special Drawing Rights (SDRs) was made in January. Acceptance of the new instrument was favorable, and thus far no major problems have been encountered in its operations. Because of the large and continuing US payments deficits, a number of foreign officials believe present SDR allocations are too large, but reduction of these deficits will ensure a growing role for SDRs within the international financial system.

In contrast to recent years, the money and foreign exchange markets were quiet. With the exception of the Canadian dollar, allowed to float in late May, there were no major currency parity changes during the year. France's balance of payments has been strong in the wake of last year's devaluation. The German mark also remains strong, but the British pound, after making some improvement last year, has weakened over the course of 1970, largely as a result of the effects of inflationary wage settlements on Britain's trade position.

The two-tier gold market, reinforced by the December 1969 agreement between the International Monetary Fund and South Africa, continued to work relatively well, with the official market for gold effectively insulated from the free market. The premium over the official price has generally been small, indicating that most newly mined gold has gone to the free market.

The already large Eurodollar market—US dollar deposits held outside the US—continued to grow in 1970, further demonstrating the vital function of the dollar as an international currency for private transactions. With the easing of US demand, Eurodollar rates declined from their 1969 highs.

Further monetary reform was a frequent topic of discussion during the year. There is general agreement that the international financial system that has developed in the past 25 years has served well and is basically sound. But changing conditions may require improvements, especially the provision of means for ensuring that exchange rate adjustments will be smoother and less upsetting. A number of complex schemes are being studied and discussed. The nations of the European Communities, for example, hope to move toward eventual monetary union by reaching exchange rate and other financial agreements.

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## **XVIII. UNITED NATIONS**

### **The Middle East**

The role of the UN in the search for a resolution of the Arab-Israeli conflict was overshadowed throughout much of 1970 by the four-power and two-power talks. Last summer's US peace initiative envisaged reactivation of talks under the auspices of Gunnar Jarring, Secretary General Thant's personal representative in the search for a settlement, but charges and counter-charges over violations of the cease-fire standstill agreement blocked any progress. At Egypt's urging, the General Assembly agreed to debate the Middle East situation despite widespread apprehensions that this might undercut the 1967 Security Council resolution, the basic document outlining objectives to attain a peaceful solution. The financial situation of the UN Relief and Works Agency (UNRWA), which was much criticized for allegedly allowing the fedayeen to use the UNRWA-run refugee camps of Lebanon and Jordan to support their cause, remained serious.

### **Peacekeeping Machinery**

In early 1970 there was considerable hope that at least some compromise could soon be reached on the vexing issue of how the UN should authorize, organize, and finance its peacekeeping mission, a topic of potential relevance to a Middle East settlement. The Assembly's Committee of 33 on Peacekeeping Operations made no decisive progress during the year, however.

### **Chinese Representation and Korea**

Canadian recognition of Peking—and the strong possibility that Italy would follow suit—heightened interest in the annual Assembly vote on Chinese representation. Although the Important Question ruling, requiring a two-thirds affirmative vote for admission, remained a major obstacle to Peking's aspirations, many observers concluded that Communist China could not be excluded much longer. There was considerably less movement during 1970 on the Korean question than on the issue of Chinese representation. The Communists again pressed, with no expectation of success, for Assembly passage of a resolution calling for withdrawal of foreign forces from Korea and dissolution of the UN Commission for the Unification and Rehabilitation of Korea (UNCURK).

### **Colonial Issues**

Unlike 1969, 1970 was a contentious year on questions of colonialism and racial discrimination, with the Africans particularly incensed over the

Heath government's disposition to sell arms to South Africa. South-West Africa remained a key concern. The Council referred the problems relating to Pretoria's continuing control over the area in defiance of UN resolutions to the nearly dormant International Court of Justice for an advisory opinion.

#### **Maritime Problems**

During 1970 a melange of maritime issues—fishing rights, claims of territorial waters, and peaceful uses of the seabeds—consumed a surprising amount of the UN's attention, and this involvement will increase in the near future. The highlight of the year was the US proposal that national sovereignty over the ocean floor cease at a water depth of 200 meters, with exploitation of the area beyond to be regulated by internationally agreed procedures. The response to the US initiative was generally favorable, but the West Coast Latin American states with narrow continental margins are offering strong opposition.

#### **Financial Questions**

An intensive, lengthy struggle between the developed and less developed countries over guidelines for the Second UN Development Decade, the 1970s, resulted in a document so hedged with interpretations and reservations that it is of dubious value. The major powers, however, did have a certain amount of success in curbing the escalating UN budget and in increasing the efficiency of the UN Development Program, the primary dispenser of technical assistance on a multilateral basis. Congressional action cutting off the US contribution to the UN-related International Labor Organization aroused much international criticism, with many observers bemoaning the pressures applied to an international agency when a major donor country refuses to pay its assessment.

#### **Membership Issue**

Fiji became the 127th UN member during the year, and the US encountered considerable opposition when it attempted to refer the membership application to a Council committee—the proper procedure, but one that has not been used since 1949. The Council committee has not yet reached a decision on the US proposal that a small colonial territory obtaining sovereignty be accorded “associate member” status, exempt from payment of assessments but enjoying all benefits and privileges except the right to vote.

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### Conclusion

Ceremonies commemorating the UN's 25th anniversary directed public attention to the organization, but the year on the whole seemed one of missed opportunities. The UN's central problems—persuading powers big and small to define and accept the specific role they wish the UN to play, improving its decision-making machinery, and establishing more effective enforcement machinery—remained unsolved.

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XIX

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#### XIX. INTERNATIONAL TRADE POLICY

The answers to this question fall within the competence of State, Commerce, and other agencies, rather than the CIA.

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## XX. NEW TASKS FOR DIPLOMACY\*

### Narcotics

Nineteen-seventy saw the launching of a major innovation in US foreign policy, reflecting the Administration's great concern over the serious impact on American society of rapidly increasing drug abuse and related crime. Convinced that controlling illegal importation and distribution of narcotic drugs was vastly more than a domestic problem, the US initiated a series of moves designed to secure the cooperation of a number of countries involved in or concerned with the production and distribution of opium and its derivative heroin.

US goals are to eliminate to the extent possible illegal opium production, its conversion to heroin overseas, and its subsequent illicit entry into the US. In pursuing these goals, the US proposed and secured the cooperation of Turkey, estimated to produce the opium from which about 80 percent of the heroin entering the US is derived, in reducing and ultimately eliminating opium poppy cultivation and in enhancing controls over illegal movement of opium-based drugs to the US via France and Western Europe. The active collaboration of French authorities was obtained in tackling the difficult problem of rooting out the clandestine laboratories there that convert Turkish opium into heroin for the drug traffickers supplying the US market. The Ordaz administration is working closely with US agencies to control the flow of narcotics from Mexico, the source of some 15 percent of the US market for opium derivatives.

In order to heighten international awareness and concern over the world-wide nature of this serious problem and to encourage the greatest possible cooperation of both producer and importing countries, the US pressed its case in major international forums—the UN and NATO. In June, a special meeting of the NATO Committee on the Challenges of Modern Society (CCMS) was convened at the request of the US to discuss the drug problem. The Allies agreed that instead of taking action in the CCMS context, they should use NATO as a springboard for an initiative in the United Nations and call for a special meeting of the UN Commission on Narcotic Drugs (CND). The CND was convened in Geneva in special session in late September on the basis of a resolution unanimously approved by the

*\*The answers to the other parts of this question fall within the competence of State, NASA, and other agencies, rather than CIA.*

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UN Economic and Social Council in July. The CND members reached agreement on a report to the current UN General Assembly, outlining a number of short- and long-term policy recommendations for international action against drug abuse. The highlight among these proposals was the US initiative that a special UN fund for drug control be created to enhance prospects for an integrated international action program.

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## XXI. OTHER

### European Communities

The guidelines for community activity in 1970 were set at a conference of heads of government of the Six in December 1969 at The Hague. At this summit meeting, the Six decided to open membership negotiations with Britain, Norway, Ireland, and Denmark and to strive for an economic and monetary union by 1980. Work on these fronts has highlighted developments in the Common Market during the past year and has provided a positive, if partial, answer to the question of how much of a spirit of revival would be evident during the first full year following De Gaulle's departure from the European political scene.

The study on economic and monetary union prepared for the EC Council outlines an ambitious three-stage plan that would leave the community at the end of a decade with rigid exchange rates between member-state currencies—and possibly even a single currency; a common policy on international monetary problems; and centralized decision-making for various other economic policies, including budgetary policy. The suggested program foresees the need for changes in the community treaties to accommodate new institutions of economic management, but, because this is a controversial matter, it remains uncertain how far the Six are ready to go now in committing themselves to the 1980 goals.

The Commission this year also took another important step toward internal development of the EC by proposing a common industrial policy. Although opinions within the community differ as to how much "direction" there should be from Brussels, it is generally agreed that a common policy in such areas as investment, corporate taxation, regional development, and public procurement will be necessary in order to promote efficiency and consolidation in the industrial sector. On the labor front, meanwhile, steps were taken to strengthen the operations of the Social Fund, which among other functions has a role in encouraging labor mobility through retraining programs. Despite decreased agricultural surpluses in certain key products, the cost of the community's agricultural policy continued to be high, and the Commission remained determined to press for structural reforms designed to bring the policy into better balance. The Commission also clearly hoped that renewed protests from overseas on the protectionist consequences of the CAP would give it further leverage against domestic pressures in the member states for high support levels.

Developments in the community's external relations were dominated by the negotiations with the candidates for membership. As the year closed, the principal issues were becoming better defined, but serious bargaining had scarcely begun. Initial talks were also held with the three European neutral countries that are seeking "arrangements" with the community. It was evident that the predominant sentiment within the community was doubt that these countries could be accommodated as members without endangering the basic political goals of the EC.

As the community moved toward expansion and consolidation in the West, some elements in the Common Market—prompted by the Soviet-German treaty, renewed French-Soviet discussions, and other attempts to improve bilateral relations with the East—were also becoming increasingly aware that delay in the application of the common commercial policy to "state-trading countries" until 1973 was unfortunate. Meanwhile, however, talks were begun with Japan to consolidate the various member-state arrangements into a bilateral commercial agreement between the community and Japan.

The community devoted increasing attention in 1970 to its relations with the US as concern mounted over the possible consequences of protectionist legislation under consideration in Washington. For the first time, the Commission received a mandate from the Council for bilateral discussions on a wide range of trade topics—discussions that the Commission hopes will be continued on a periodic basis. The community's preferential trading arrangements in the Mediterranean area, which were further extended in 1970, were also an issue of contention with the US—and in the GATT forum as a whole. In general, the EC was increasingly conscious of the difficulty it will have of making sure that the measures it takes toward consolidation and enlargement are compatible with its responsibilities as an internationally influential economic power.

The new Commission, which took office early in the year, showed awareness that a strong executive was necessary to ensure community progress. Commission president Malfatti missed no occasion during the year to explain the political role he sees for the Commission within the Common Market. The year also saw a modest step toward greater control by the European Parliament over funds that belong to the community itself—funds largely derived from agricultural levies, but also including a portion of revenues collected by the member states for value-added taxes. In general, 1970 seemed to confirm the opinion that political consolidation of the community, if it is to come at all, will be a gradual process growing out of the progressive reinforcement of the existing community institutions—the

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Commission, Council, and Parliament. When it came to the Six agreeing on a new mechanism for encouraging political unification as such, they arrived at a somewhat loose procedure for mutual consultations that belies the real integration going on in the process of community policy making.

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